App.F.IX-4]

1925-6.

Previous References. (G. F.)

File No. G. F. 118-2

Serial Nos. 1, 2, 4 & 8.

preserve

By 11/9/26

Later references.

GENERAL & REVENUE SECRETARIAT

Serial Nos. 3.

Part B for December 1925.

SUBJECT

Financial Secretary's Note Re:- the question of devising ways and means for financing the Seventh Installation

Sheo. 3. To the Comptroller to Govt

P. 32 No. F(3462)/ 18th Dec 1925

Indicates the sources from which the capital outlay of 80 lakhs required for financing the VIIth Installation during the next 4 years has to be met and the manner in which the funds advanced have to be recouped.

G. R. S. IX-5]

Previous references.

1915 & 16
(A+S)

File No. 10-15.

Serial Nos. 21, 23, 30
36, 38.

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 21 & 23, 30 (A) 36. 38.

Part B for August, 1916.

SUBJECT.

Application from Mr. V. Venkatesan, Dodabetta, Nilgiris, praying for a foreign scholarship to go to Japan.

To Mr. V. Venkatesan,
Dodabetta, Nilgiris.

No. 1678. S. 24-8-16.

Information in selection for two years scholarship made.

W D 65—G. B—60,000—24-7-16

General and Revenue Secretariat

PUBLIC WORKS SECRETARIAT. R. No. 1055 D. 20/10/25 File No. BANGALORE.

DIARY NO. 1.5.2

1925 [App. F. 111—2

Section of 1925.

118-25

1

Serial No

IMMEDIATE.

Flag 'A'

1 The question of devising ways and means for financing the Seventh Installation is yet unsettled. For formulating proposals for solving this question I asked for some information in my note dated 3rd April 1925 but it has not yet been furnished.

2 The reconstruction of the Bangalore Transmission Station has since been sanctioned and the ~~total~~ gross cost of these two Works amounts, I think, to about Rs 70 lakhs. The construction of the Seventh Installation has, I believe, alrea commenced and perhaps, arrangements are also bein made for placing orders for purchase of foreign materials. There is no doubt a grant of Rs 20 l for the Seventh Installation in the current ye ar's Budget but the financial scheme according to whic this sum of Rs 20 lakhs and the balance required in the subsequent years have to be found has not yet been drawn up and sanctioned. It is not a desirable arrangement to start the construction o a big project before the ways and means problem is settled. The aggregate cash outlay involved is as large as about three-quarters of a crore and the solution of the question of finding the money cannot be deferred any longer.

3 In the circumstances stated above, I would request that the particulars ~~that~~ I have asked fo may be furnished without further delay.

Secretary,
P.W. and Elec. Depts.
with compliments.

20-10-25

Vide 1388 D dt 10/25

NOTE—Contn. Sheet

21149 IMMEDIATE. D/527

Public Works and Electrical Secretariats. File No. 118. of 1925

Serial No. 4

Subject:- File re particulars relating to the --- distribution of cost of the Seventh ---- Installation-

---

No. E.D.S. Dated, November 1925.

6 Forwarded, with compliments, to the ------ Financial Secretary to Government, with reference to his minute dated 20th October 1925-

2. The Chief Electrical Engineer has reported that he has already forwarded a copy of his ----- letter No. 10877 dated the 29th October 1925 on -- the subject to you direct-

8 3. The enclosed statements showing the ------ approximate cost between Capital and Depreciation Accounts as also the estimated cost, etc., for -- several items of the VII Installation have been - prepared in this office from the figures given in the previous letters quoted by the Chief -------- Electrical Engineer in his letter No. 10877 dated the 29th October 1925-

9 4. Paras 3, 4 and 5 of the letter of the ---- Chief Electrical Engineer referred to above ----- furnishes required information under -

(a) Cash outlay on purchases to be made and works to be carried out locally and ------ materials bought out of India.

(b) Value of orders already placed or about to be placed for materials manufactured in

Note—Contn. sheet.

WD 2468—GPB—2,000 copies 20-6-24

Ext. 1871 D/19/11/25

3 Engaged Section

GENL. & REV. SECTT. Bn. H 19. NOV. 1925 G. D. SECTION.

~~America~~ the United Kingdom and the value of the orders already placed or shortly to be placed - for materials manufactured in America.

Taking advantage of the Trade Facilities -- Act for purchases in England and the deferred - payments agreed to by Messrs. International ---- General Electric Company of New York.

K. R. Seshadri

Secretary to Government,
Electrical Department.

T.R.S.

Statement showing the estimated cost, etc., for several items of the Seventh Installation.

No.	Name of work.	Amount of estimate.	Deduct credits.	Net amount of the estimate.
		Rs	Rs	Rs
1	VII Installation to generate 14,000 H.P. at Sivasamudram.	24,81,983	2,64,000	22,17,983
2	Necessary extensions at Kankanhalli.	3,15,777	-	3,15,777
3	Increasing the Transmission Line capacity from Sivasamudram to Kolar Gold Fields.	18,37,713	8,86,075	9,51,638
4	Extensions at Kolar Gold Fields.	4,29,516	-	4,29,516
5	Extending and increasing the Bangalore Receiving Stations up to 15,000 H.P.	6,62,188	35,000	6,27,188
6	Reconstruction of the Mysore Receiving Station and Distribution System.	11,68,135	55,000	11,13,135
	T o t a l.	68,95,312	12,40,075	56,55,237

K. R. Seshachar

Secretary to Government,
Electrical Department.

T.R.S.

Serial No.

5 The particulars on which information was required in the Financial Secretary's note dated 3rd April 1925 were the following

(1) What is the Estimated Gross Cost of the works now Sanctioned

What is the value of materials to be returned from old works for which credit is to be afforded in the new Estimate and what are the prospects of utilisation or disposal by Sale of such materials

3) How much of the aggregate cash outlay is on purchases to be made and works to be carried out here and how much for materials to be brought out of India

4) of the Cost of foreign materials what part is likely to be Expenditure in sterling for purchases to be made in the united Kingdom & what part for Dollar payments in America

5) what is the amount required out of the aggregate Cash outlay in each of the years during which the Construction of the work will be in progress.

16 The P.W. Secy refers this h.n.o Note to Telegram. No 10877 dated 29.10.25. for the reply to the above.

A Copy of the above order received in this Branch was put up in connection

NOTE—Contn. Sheet

Serial No

ention the P W sects file regarding the allocation of the cost on account of the VII th installation between capital and depreciation and is brought back and put up (paras 84, 85)

According to it

Qn No (1) the gross value of the works sanctioned is 68.95.312

Qn (2) vide para 2 of the order

Qn No (3). Local purchases 36.18.612.

Foreign purchases 32.76.700.

Qn No (4) Of the foreign purchases.

for materials manufactured in the united kingdom for which orders are placed already is about 7 lakhs

for materials of America 16½ lakhs

18 That the proportion between Dollar Sterling payment for the rest viz 9½ lakhs will be furnished later —

19 The value of the shipments to be paid before the close of the Current financial year is Rs 5.35.000.

The full details of payments to be made during the other years are not furnished.

Information for ~~Quarter ending the financial year~~ of 31st April 1925 ~~is~~ not furnished

Submitted

Note—Contn. Sheet

Serial No

Confidential

WAYS AND MEANS FOR FINANCING THE SEVENTH INSTALLATION and ALLIED WORKS.

19 How money should be found for the Seventh Installation and the connected Works, is a question which has yet to be settled. These works have been sanctioned and expenditure is also being incurred on them and the scheme of financing them is, therefore, a problem which requires very early solution.

20 2. Attention is invited in this connection to the observations made in para 7 of my note dated 29th December 1924. As I have stated there, the required funds can be found only by borrowing in one form or another, as we have no Revenue surpluses to be used for Capital expenditure. I thought that we might try to borrow in London under the Trade Facilities Act for meeting a fairly large part of this demand, but this alternative has practically fallen through as the value of materials to be purchased in the United Kingdom is comparatively small and it is not worth while borrowing in London for a few lakhs of rupees. The next alternative which I considered was that of borrowing from the Government of India under the Provincial Loans Fund Scheme for the irrigational part of the combined project and the reply recently received from the Government of India to the communication which we had addressed to them on this subject, shows

Serial No

shows that even this course will not be available to us.

24 For several reasons, I think it is inexpedient to ~~ex~~ float for some years a public loan for financing these or other works.

25 3. In the circumstances in which we are placed, we are thrown upon our own resources and the course that I shall suggest in this note, is the only alternative practicable and I consider that it is also the best which we can adopt.

26 4. The Krishnarajasagara Hydro-Electric and Irrigation Works now form one combined scheme ~~and~~ and the question of financing either the Capital Works of the Scheme or its mixed Capital and Depreciation Works cannot be limited to particular works like the Seventh Installation and it is ~~x~~ necessary to take into account the aggregate demands on account of all the works of the Scheme and consider as one indivisible problem, the question as to how the money required for them should be found. We have, therefore, to include in the calculation of the Capital ways and means of this concern the demands on account of not only the expansion of its electrical branch but also of the Dam Works and the Channels above and below the Reservoir.

27 5. The construction of the Seventh Installation was proposed to be spread over a period of three years commencing from the current. But I suggested that with a view to ease the strain

upon

Serial No

upon our resources, the period might be extended by one more year. As the reconstruction of the Mysore Receiving Station and Distribution system has also since been taken up, it is necessary tha the period for carrying out all these works shoul not be less than four years. I believe the Chief Electrical Engineer has agreed to this arrangement. I shall, therefore, assume for the purpose of this note that the money required will have to be found in the four years beginning with the current year.

25 6. The total requirements in the four years from 1925-26 are as under:-

(In Lakhs of Rupees.)

Name of work.	Gross Outlay.	Deduct Credits.	Net Outlay. Capital.	Depreciation.	Total.
Reservoir and Channels ..	26*	4	22	...	22
Seventh Installation including Reconstruction of the Mysore Receiving Station and Distribution System.	69	13	42	14	56
Normal Capital and Depreciation Works of the Electrical Department. (x)	23	..	16	7	23
	118	17	80	21	101

* This figures is taken from the file relating to the latest Revised Estimate ~~of~~ for the Krishnarajasagara and includes Rs 3 lakhs for shifting Yedatore Town.

(x) For 1925-26, provisions as in the Budget - Capital Rs 7.36 lakhs plus Depreciation Rs 4.00 lakhs - have been taken and for the remaining three years, an estimate of probable requirements has been made and taken at Rs 3.00 lakhs for each year for Capital Works and at Rs 1.00 lakhs for each year for Depreciation Fund Works.

Serial No

7. The bulk of the credits is on account of materials returned in connection with the Seventh Installation and connected works. In his letter dated 29th October 1925, the Chief Electrical Engineer states that most of these materials are such as can be used for maintenance purposes. The credits may, therefore, be assumed to be effective and really capable of reducing the gross outlay and for the purpose of provision of funds, I shall take that the demand to be considered is the net cost of the works which, as shown in the statement in the preceding para, is Rs 101 lakhs.

8. We may now consider what resources we can make available for meeting this demand. The contribution to the Depreciation Fund of the Electrical Department in the current year is Rs 6.84 lakhs. The contributions of the future years may be somewhat higher and we may assume an average rate of Rs 7.00 lakhs for each year and take the total amount available from this source in the four years at (4 x 7 =) Rs 28 lakhs. Of this amount, Rs 21 lakhs are required for the works to be financed from the Depreciation Fund itself and the balance available for capital outlay is Rs 7 lakhs.

9. We have four terminable loans, of which three, viz., 5½ per cent., 6¼ per cent. and 6½ per cent. are long term loans; and one, viz., 7 per cent. is a short-term one. The Sinking Fund for the short-term loan cannot be diverted for any other purpose. Those for the long-term

Serial No

long-term loans may, I think, be used for capital works but on three conditions, namely,

(1) the works on which the money is spent, are really productive;

(2) the works are capable of returning the money invested in them before the loans fall due for discharge;

and (3) safeguards are provided for ensuring that contributions from the annual revenues of the works are set aside for discharging the loan taken for financing them.

The combined scheme is a productive work and its expansion in the form of the Seventh Installation will yield a large sum of annual revenue from the third or fourth year and conditions Nos.(2) and (3) can therefore be complied with.

10. The amount that can be found from the Loan Sinking Funds are as under:-

Balance of Sinking Fund for the 6¼ per cent. loan on 1st July 1925.	..	Rs 21 lakhs.
Balance of Sinking Fund for the 6½ per cent. loan on 1st July 1925.	..	2 ,,
Current contributions for these two Funds for four years from 1925-26 (4.95 x 4).	..	20 ,,
Sinking Fund for 5½ per cent. Loan.	..	9 ,,
Total		Rs 52 lakhs.

11. The aggregate amount which can be found for capital outlay from the Depreciation and Loan Sinking Funds is as under:-

Depreciation Fund: vide para 8	..	Rs 7 lakhs.
Loan Sinking Funds: vide para 10	.	52 ,,
Total		Rs 59 lakhs.

Serial No

12. The total demand for capital works, however, is Rs 80 lakhs and there is thus a deficiency of Rs 80 - Rs 59 = Rs 21 lakhs. The only means of meeting this deficiency is to draw upon the liquid reserve maintained for Savings Bank Deposits. The balance of these Deposits on 1st July 1925 was Rs 114 lakhs against which the investments held were valued at Rs 57 lakhs which is 50 per cent. of the liability. As a temporary measure, the proportion may be reduced to 33 1/3 per cent. and a sum of Rs 19 lakhs ~~be~~ released for financing these works.

13. The aggregate amount made available for capital works from the different sources suggested above ~~xxxx~~ is thus Rs 7 + 52 + 19 = Rs 78 lakhs. There is still a deficiency of (Rs 80 - 78) = Rs 2 lakhs. This difference, which is small, may be overlooked.

14. How much the combined concern should be required to pay every year for repaying the sum borrowed is the next point to be settled. The Chief Electrical Engineer anticipates an increase of revenue of about Rs 6 lakhs after 18 months from the date on which the Seventh Installation Works are started and of Rs 17½ lakhs after 36 months from that date. That the Department can contribute a fairly large amount every year for the repayment of the loan borrowed is clear from these figures. The diversion of the whole of the increased revenue for the repayment of the

loan

Serial No.

loan will not, however, be fair to the General Administration which is in a needy condition for various measures of improvement and development. At the same time, it is not ~~also~~ advisable to spread the repayment of the loan over an unduly long period. The loans, the sinking funds of which are diverted for this purpose, fall due for repayment as follows:-

5½ % Loan.	Not before 1929 and not later than 1944.
6¼ % ,,	Due for discharge in 1940.
6½ % ,,	-do. 1941.

The restoration of the Savings Bank Reserve to the level of 50 per cent. of the liability is a measure which has to be arranged for as early as possible. The net revenue of this project according to the Budget for the current year is Rs 27 lakhs and nothing can be spared out of it for the repayment of the loan as the whole of it is required for the General Administration. It is only the excess over this amount which can be used for repaying the loan borrowed and this excess cannot be expected to be a substantial sum until the revenue from the Seventh Installation comes in. It is not desirable to wait for commencing the repayment of the loan until the revenue from ~~that~~ the new Installation is realised. I would, in these circumstances, suggest that the excess over the present income of Rs 27 lakhs may, commencing from the next year, be set aside for repaying the loan borrowed.

Serial No

15. A loan of Rs 80 lakhs carrying 6 per cent. interest requires an annual payment of about Rs 9½ lakhs for its repayment in twelve years. What can be contributed in the next two or three years will be much less than Rs 9½ lakhs and it will therefore take more than 12 years, calculated from the current year, for the whole amount to be repaid. A large part of the amount proposed to be used for these works will be taken from the Sinking Funds for the 6¼ per cent. loan which is due for discharge in 1940. Fifteen years from now is, therefore, the longest period within which the return of the whole sum has to be arranged for.

16. I shall now sum up the suggestions made in this note:-

(1) The outlay of Rs 21 lakhs on Depreciation Fund Works may be met from the current contributions to that Fund commencing from the current year;

(2) The outlay of Rs 80 lakhs on Capital Works may be met as follows:

Balance of current contributions to Depreciation Funds of the Electrical Department.	Rs	7 lakhs
Loan Sinking Funds ..		52 ,,
Reduction of liquid Reserve of Savings Bank Deposits. ..		19 ,,
Other sources. ..		2 ,,
Total	Rs	80 lakhs

(3) The excess over the present annual net revenue of Rs 27 lakhs may be set aside commencing from 1926-27 for repayment with interest at 6 per cent. of the loan

Serial No

of 80 lakhs

loan borrowed from the sources indicated under (2);

and (4) The maximum annual limit of the excess referred to under (3) to be used for the repayment of the loan with interest, may be placed at Rs 10 lakhs.

36 17. If the method of financing the works under consideration proposed in this note, is adopted, general authority may be given to th Comptroller to dispose of the securities held on behalf of Savings Bank Deposits and Loan Sinking Funds as the need for selling them arises.

37 25/11/25

The Secy P.W.D.
With compts with ref to his note of 1.4.25

No: D640
38 Draw all
VCO
25.11.25

39 The copy of loan Dept include the demands under K.R.S.

40 Hon money/Mad and Cal

No: D640.
The Note referred to is not on the P.W.D

41 H: Secy with Compts.
VCO
26.11.25

42 Draw all
VCO
26.11.25

43 In my note of 6-8-25 on Development Works and how to finance them I have suggested how money might be found for the other Developments under the K.R.S.

P.W. Secy with compts

26.11.25

Note—Contn. Sheet

G.S.F. File No. 118 of 1925.

Serial No

By the financial & exp. proposals may be considered during the Council

45 Chief Safety Work Coiffs 30.11

VCOI 30.11.25

10 [illegible] 2/12/4

A copy of Secy's note of 6/8/25 on development works & how to finance is put up. Flag "A" (Removed since)

KA 2/12/25.

Extract from the Proceedings of the 758th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 3rd December 1925. *19*

99. Subject. - Clauses xii and xx of the schedule.

Proposals in connection with the financing of the VII Installation Works at Sivasamudram.

OPINION OF THE COUNCIL.

The proposals contained in the Financial Secretary's note dated the 25th November 1925 may be approved.

(Signed) A. R. BANERJI,

Dewan of Mysore.

"EXTRACT"

Chief Secretary to Government.

WD 1471—GPB—2,000—1-3-21

(For Disposal at a Meeting)

No. C. 245

dy 1925-26.

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Clauses xii & xx of the schedule)

Proposals in connection with the finances of the VII Installation Works at Sivasamudram.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

2nd December 1925.

Chief Secretary to Government.

Extraordinary Member of Council.

First Member of Council.

Second Member of Council.

Extra Member of Council.

57 108-21

20

Submitted to His Highness.

57 As funds have to be provided for financing the VII Installation of the Cauvery Power Works and allied works which have been sanctioned by His Highness, I have been considering the ways and means for financing the project and asked the Financial Secretary to prepare a note on the subject.

58 2. The Financial Secretary in paragraph 6 of his Note dated 25th November 1925 has given details of the total amount to be provided on this account. This comes to about Rs.101 lakhs, but out of this Rs.21 lakhs represents amounts that should be met from the Depreciation Fund. The actual outlay on capital works is therefore only 80 lakhs. If, as proposed in para 8 of the Financial Secretary's Note, the outlay of Rs.21 lakhs on Depreciation Fund Works is met from the current contributions to that Fund commencing from the current, there will still be a balance of Rs.7 lakhs under Depreciation fund available for capital outla

Pages 8 to 16 of Office Notes

59 3. The outlay of Rs.80 lakhs on capital works is proposed to be met as follows:--

Page 15 of do

Balance of current contributions to Depreciation Funds of the Electrical Department as already stated	Rs. 7 lakhs.
Loan Sinking Funds	" 52 "
Reduction of liquid Reserve of Savings Bank Deposits..	" 19 "
Other Sources	" 2 "

60 4. We have now four terminable loans, of which three, viz: 5½ per cent., 6¼ per cent and 6½ per cent are long term loans; and one, viz: 7 per cent is a short-term one. The Sinking Fund for the short-term loan cannot be diverted for any other purpose as the amount should be available for payment to the bondholders when the loan becomes due. The Financial Secretary proposes to utilise the Sinking Fund on the other three loans to provide part of the capital cost and states that there can be no objection to do so provided the three following conditions are fulfilled:-

(i) The works for which it is used are really productive.

(ii) The works are capable of returning the money invested before the loans fall due for discharge.

& (iii) Safeguards are provided for ensuring that contributions from the annual revenues of the works are set aside for discharging the loan taken for financing them.

5. The total amount that can be provided from the Loan Sinking Funds is, as shewn in paragraph 10 of the Financial Secretary's Note, Rs.52 lakhs. According to the terms on which these loans were floated, there is an obligation on the part of Government to form a Sinking Fund for the payment of the loan on maturity. The only question therefore is whether it would be according to correct financial principles to utilise the Sinking Fund for providing the capital required for constructing the VII Installation. The usual rule is that as far as any Sinking Fund is concerned, it should be always invested in a liquid and readily realisable form in Securities as far as possible not liable to any fluctuations in value and that there should be, more or less, absolute certainty that the investments would be available to discharge the loans whenever required.

Investing of Sinking Funds in productive works may, to a certain extent, interfere with the liquid character in which this fund should be maintained, for, unless the productive work in which it is invested yields a sufficient return to allow of the Sinking Fund to be made up within the time in which the loan becomes payable, there is the risk that the payments cannot be made in time. As far as the VII Installation is concerned, however, the Chief Electrical Engineer anticipates an increase of about Rs.6 lakhs as the revenue of the work after 18 months from the date on which the VII Installation is started and 17½ lakhs after 36 months from that date. Even considering that these estimates are somewhat sanguine, which they are not, based as they are on the sale of power in view or already effected, having regard to the long period remaining before which these loans become actually due, there is no reason to anticipate any difficulty of our being able to save enough from the additional income to re-establish the Sinking Fund on a secure and liquid

22 89 1188-21

basis long before the expiry of the period of the loans. In utilising the Sinking Fund in this way there is scarcely any risk as the extra power that the VII Installation will produce, has practically been sold in advance and there is no doubt that the work will begin to yield a return as soon as it is completed.

6. The Financial Secretary suggests that, as the net revenue of the project according to the Budget is 27 lakhs, whatever amount is earned over the present income of 27 lakhs may, commencing from the next year, ~~should~~ be set aside for the loan borrowed. He also points out that 15 years from now is the longest period within which the whole sum has to be arranged for and a loan of 80 lakhs carrying 6 per cent interest requires an annual payment of about Rs.9½ lakhs for its repayment in 12 years. It will thus be seen that the income from the VII Installation provides ample margin for reproducing the Sinking Fund before the loans are to be discharged. The only other way in which we can provide for the capital required for the VII Installation is by raising another public loan. The Financial Secretary does not consider this desirable and I entirely agree. Apart from this, such an arrangement will prevent us from deriving an adequate return from the Sinking Fund, which if invested in the VII Installation, will earn a far higher return than nay be expected in any other form of securities, and the difference from the income from the works on which the amount has been spent and the interest to be paid on the loan will form a very substantial source of profit to Government and relieve the general taxpayer. There seems, therefore, no objection to utilise the Loan Sinking Fund to meet the capital cost. In fact it is a policy which, in the special circumstances of the case, is eminently suitable and profitable to Government for the Sinking Fund is proposed to be invested in a concern of Government sure to yield a greater profit than the investment in Government of India bonds. The whole return comes to the coffers of Government and the capital financing a large development scheme. The balance of the 21 lakhs required is proposed to be made up by drawing upon the liquid reserve maintained for Savings Bank Deposit. The Financial Secretary points out that the balance of

Page 15 of Office Note

97 148-25

these deposits on 1st July 1925 was Rs.114 lakhs against which investments were valued at Rs.57 lakhs, which is 50 per cent of the liability. As a temporary measure, the proportion may be reduced to $33\frac{1}{3}$ per cent and a sum of 19 lakhs may be utilised for financing these works. Having regard to the withdrawals, the reduction proposed is not likely to interfere materially with the demands to be met, and the 50 per cent limit will soon be restored.

7. 63 The matter was considered in Council on the 3rd December 1925, who have resolved that the proposals of the Financial Secretary, referred to above, may be accepted.

Page 18 of Office Note

64 The resolution of the Council may be graciously approved.

68

Bangalore,
7th December 1925.

7 DEC 1925

EWU.

C. confidential 241

24 87 48-28.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

66 Proposals for financing the VII Installation of the Cauvery Power Works.

4

432

Order.

67 ~~KRW~~

9/12/25

68 [redacted]

12 DEC 1925

M.

D1681/25

C 245.

General and Revenue Secretariat

GO 1188 25

Proposals in connection with the financing of the VII Installation Works at Sivasamudram.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circlated to the Members of Council at headquaters and then sent to the Secretariat coneerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before /after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

20 Dec

Chief Secretary to Government.

Through the Secretary to Government,

.....Department.

FIRST MEMBER OF COUNCIL. 7/ 12/12

SECOND MEMBER OF COUNCIL. 5257 14/12 72 15/12

EXTRA MEMBER OF COUNCIL.

DEWAN'S OFFICE. RECD. 16. DEC. 1925 Reg. No. LXVI 75

NOTE - Contn. sheet.

3/21/73 Financial Secretary, Fin. Comptr.

Secretary returned 15/12/25

74 Draft & Compl 15/12

Dewan

16.12.25 Papers returned to Secretariat

Dewan

Serial No

3

Do Accountant General

No 3462 dt 18/12/25

Indicate the sources from which the capital outlay of 80 lakhs required for financing the Delhi Improvements during the next 5 years has to be met and the manner in which the funds advanced have to be recouped

B 18802/25

IN REPLY REFER TO No. 10877 Enclo

Telegraphic Address: "GOMED"

Codes used BENTLEY'S LIEBER'S A. B. C. 6TH EDITION BUSINESS TELEGRAPH CODE.

GOVERNMENT OF MYSORE

ELECTRICAL DEPARTMENT

—o—

OFFICE OF THE CHIEF ELECTRICAL ENGINEER,

Bangalore 29/10/ 1925.

(MYSORE, INDIA.)

Immediate.

DIARY NO. 1681

1925 — 1926

Section. G.P.

File No. 118-25

2 Nos K

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Public Works & Electrical Departments,
B A N G A L O R E.

Sir,

Particulars regarding the distribution of cost of the VII Installation.

------:oOo:------

With reference to your letter No.E.D.S.560 of the 13th. August 1925 and subsequent reminders thereon in connection with the above, I have the honour to furnish below the particulars required.

Item No.1. The distribution of the total cost between capital and depreciation accounts of the whole of the VII Installation Project has already been furnished in my letter No.10730 of the 24th. October 1925 to your address.

Item No.2. The estimates sent to you with my letter No.640 of the 2nd. December 1924 for each item of work such as at Sivasamudram, Kolar Transmission Line, Kankanhalli, Kolar, etc. represent the net cost of the work after deducting the value of the serviceable materials that will be returned to stock in each Section, and only the net amount is shown as part of the VII Installation Scheme. The nature of such materials and their value are clearly shown in the estimates.

The [illegible] returned con[illegible] [illegible]ter-cooled [illegible] air-cooled transformers, high and low tension switch [illegible] transmission line materials such [illegible] steel poles, cross [illegible], copper wire, insulators etc. [illegible] transformers and [illegible] [illegible] [illegible] still be in service [illegible] respective [illegible]. / [illegible] until [illegible] [illegible] or as spares along the transmission lines and the city distribution circuits.

It could therefore be said that all the returned materials are serviceable materials that would in any case have to be maintained in our stocks for maintenance purposes.

Item No.3. The gross value of the sanctioned estimates for the VII Installation amounts to Rs.68,95,312 out of which the cost for local purchases and works would be Rs.36,18,612 and the balance of Rs.32,76,700 is estimated to cover the cost of foreign purchases; i.e. materials plus ocean freight as per details sent to the Financial Secretary in this office No.8013 of the 16th. June 1925, (copy also sent to you for information).

Item No.4. With reference to the estimated Dollar and Sterling payments, the value of the orders already placed or about to be placed for materials manufactured in the United Kingdom

is Rs.7 lakhs and the value of the orders already placed or shortly to be placed for materials manufactured in America is 16½ lakhs. The remainder of the amount provided for purchases viz. 9¼ lakhs covers for Dollar and Sterling payments for the remainder of the machinery required. The proportion between Dollar and Sterling payments of this amount can only be intimated after quotations have been received and compared both for English and American materials.

18190

Most of the shipments of foreign materials except for Aluminium Cable and payments therefor will not be made until the next financial year. The value of the Aluminium Cable including ocean freight and other charges that will be expected to be shipped and paid for before the close of the current financial year will be about Rs.5,35,000.

The Trade Facilities Act for purchases in England and the deferred payments agreed to by Messrs. International General Electric Co. of New York, may, if Government desire, be taken advantage of before the question of finding ways and means for the VII Installation Project is finally settled.

GENL. & REV. SECTION. Bn. 10 OCT.

Copy with compliments to the Financial Secretary to the Government of Mysore, Bangalore, for information.

I have the honour to be,
Sir,
Your most obedient servant,

Offg. Chief Elecl. Engineer.

BR-MSSV.

put up with the P.W. Secty u o ref
No 1115 of 25

G.F.1/8-25-3

CONFIDENTIAL.

To

The Comptroller to Government,

BANGALORE.

H 3462/ dated 18 12/25

S i r,

I am directed to inform you that the following arrangement has been approved by Government for financing the capital outlay on the Krishnarajasagara Hydro-Electric and Irrigation Works and the expenditure to be met from the Depreciation Fund of the Works commencing from the current year.

2. The total requirements in the four years from 1925-26 are estimated as under:-

(In lakhs of rupees.)

Name of work.	Gross outlay.	Deduct credits.	NET OUTLAY.		
			Capital	Depreciation Fund	Total.
Reservoir and Channels.	26	4	22	..	22
Seventh Installation including Reconstruction of the Mysore Receiving Station and Distribution System.	69	13	42	14	56
Normal Capital and Depreciation Fund Works of the Electrical Department.	23	..	16	7	23
Total	118	17	80	21	101

3. The aggregate contribution to the Depreciation Fund in the four years is estimated at Rs 28 lakhs and

and the demand of Rs 21 lakhs on account of Depreciation Fund Works will be met from this contribution.

4. The net capital outlay of Rs 80 lakhs will be financed from the following resources:-

	Lakhs of Rs
(1) Balance of Depreciation Fund in the four years. (28 - 21)	7.
(2) Balance of Sinking Fund for the 6¼ % Loan on 1st July 1925.	21.
(3) Balance ~~of the~~ of Sinking Fund for the 6½ % Loan on 1st July 1925.	2.
(4) Current contributions for these two Funds for the four years from 1925-26.	20.
(5) Sinking Fund for the 5½ % Loan.	9.
(6) Temporary reduction of the liquid reserve for Savings Bank Deposits from 50 % to 33 1/3 %.	19
(7) Other sources.	2.
Total.	80.

5. The sum of Rs 80 lakhs ~~found as~~ ~~above~~ will be treated as advanced from the Funds indicated above for repayment from the net revenues of the combined Scheme. The amounts lent from the Sinking Funds for the 6¼ % and 6½ % loans are repayable with interest at six per cent. according to the scheme for the formation of these Funds.

6. The net revenue of the Combined Scheme in the current year is Rs 27 lakhs and all excess over this amount subject

subject to the maximum limit of Rs 10 lakhs per annum will, commencing from 1926-27, be set aside for repayment of the amount borrowed as above and the annual contributions on this account will be charged off to the Revenue Account of the Concern under a separate minor head called "Reserve for Capital Expenditure."

7. The amounts repaid as above every year from the net revenues of the combined Concern will be restored to the respective Funds in the following order:-

(1) Sinking Fund for the 5½ % loan
(2) -do.- 6¼ % loan
(3) -do.- 6½ % loan
(4) Raising the securities reserve for Savings Bank Deposits from 33 1/3 per cent. to 50 per cent.
and (5) Depreciation Fund of the Electrical Department.

8. I am to request that the above arrangement may be kept in view in framing Budgets and conducting Resource Operations.

I have, etc.,

16.12.25

Financial Secretary to Govt.